

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7796]
January 14, 1976]

Amendments to Rules Regarding Delegation of Authority
Relating to Foreign Applications

To All Member Banks in the Second Federal Reserve
District, and Others Concerned:

The Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority, effective December 31, 1975, with regard to routine foreign applications. In submitting the amendment for publication in the *Federal Register*, the Board of Governors made the following statement:

In order to expedite and facilitate the performance of certain of its functions under sections 25 and 25(a) of the Federal Reserve Act and section 4(c)(13) of the Bank Holding Company Act, the Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority pursuant to the provisions of section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)) and section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. 1843(c)(13)) to delegate (1) to the Secretary of the Board the authority to grant specific consent (a) to the acquisition by a bank holding company, member bank or corporation organized under section 25(a) of the Federal Reserve Act ("Edge" corporation), or operating under an agreement with the Board pursuant to section 25 of the Federal Reserve Act ("Agreement" corporation), of a controlling stock interest in a foreign company performing any type of services incidental to the activities of a foreign branch or affiliate of such bank or corporation or foreign subsidiary of such bank holding company, and (b) to the acquisition by a member bank, Edge or Agreement corporation of a controlling stock interest in a foreign company the stock of which is being sold to such member bank, Edge or Agreement corporation by its parent bank or bank holding company, or subsidiary Edge or Agreement corporation, as the case may be, and the stock of which such selling parent or subsidiary holds with the consent of the Board pursuant to Regulations K, M, or Y, and (2) to each Federal Reserve Bank the authority pursuant to section 213.4(a) of Regulation M to extend the time in which a member bank must divest itself of stock or other evidences of ownership in a foreign bank acquired in satisfaction of a debt previously contracted.

Questions regarding this matter may be directed to our Foreign Banking Applications Department. Additional copies of the enclosure will be furnished upon request.

PAUL A. VOLCKER,
President.

Board of Governors of the Federal Reserve System

RULES REGARDING DELEGATION OF AUTHORITY

AMENDMENTS

1. Effective December 31, 1975, subparagraphs (9) (d) and (12) (iv) of paragraph (a), section 265.2, are amended to read as follows:

SECTION 265.2—SPECIFIC FUNCTIONS DELEGATED TO BOARD EMPLOYEES AND TO FEDERAL RESERVE BANKS

(a) The Secretary of the Board (or, in his absence, the Acting Secretary) is authorized:

* * *

(9) * * *

(d) such acquisition does not result, either directly or indirectly, in the acquisition by such bank or corporation of effective control of any such company except that this condition need not be met if (1) the company is to perform nominee, fiduciary, or other services incidental to the activities of a foreign branch or affiliate of such bank or corporation, or (2) the stock is being acquired by such bank or corporation from its parent bank or bank holding company, or subsidiary Edge or Agreement corporation, as the case may be, and such selling parent or subsidiary holds such stock with the consent of the Board pursuant to Parts 211, 213, or 225 of this chapter (Regulations K, M, and Y).

* * *

(12) * * *

* * *

(iv) such acquisition does not result, either directly or indirectly, in the acquisition by such bank holding company of control of any such company (other than a company performing nominee, fiduciary, or other services incidental to the activities of a direct or indirect foreign subsidiary of such corporation).

* * *

2. Effective December 31, 1975, subparagraph (34) is added to paragraph (f) of section 265.2 to read as follows:

* * *

(f) Each Federal Reserve Bank is authorized, as to member banks or other indicated organizations headquartered in its district, or under subparagraph (25) of this paragraph as to its officers:

* * *

(34) Under § 213.4(a) of this chapter (Regulation M) to extend the time in which a member bank must divest itself of stock or other evidences of ownership in a foreign bank acquired in satisfaction of a debt previously contracted.

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